

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 3/31/2011

GAIN Report Number:

Kenya

Post: Nairobi

Kenyan Breakfast Cereals Market

Report Categories:

Product Brief

Approved By:

Souleymane Diaby

Prepared By:

Carol N. Kamau

Report Highlights:

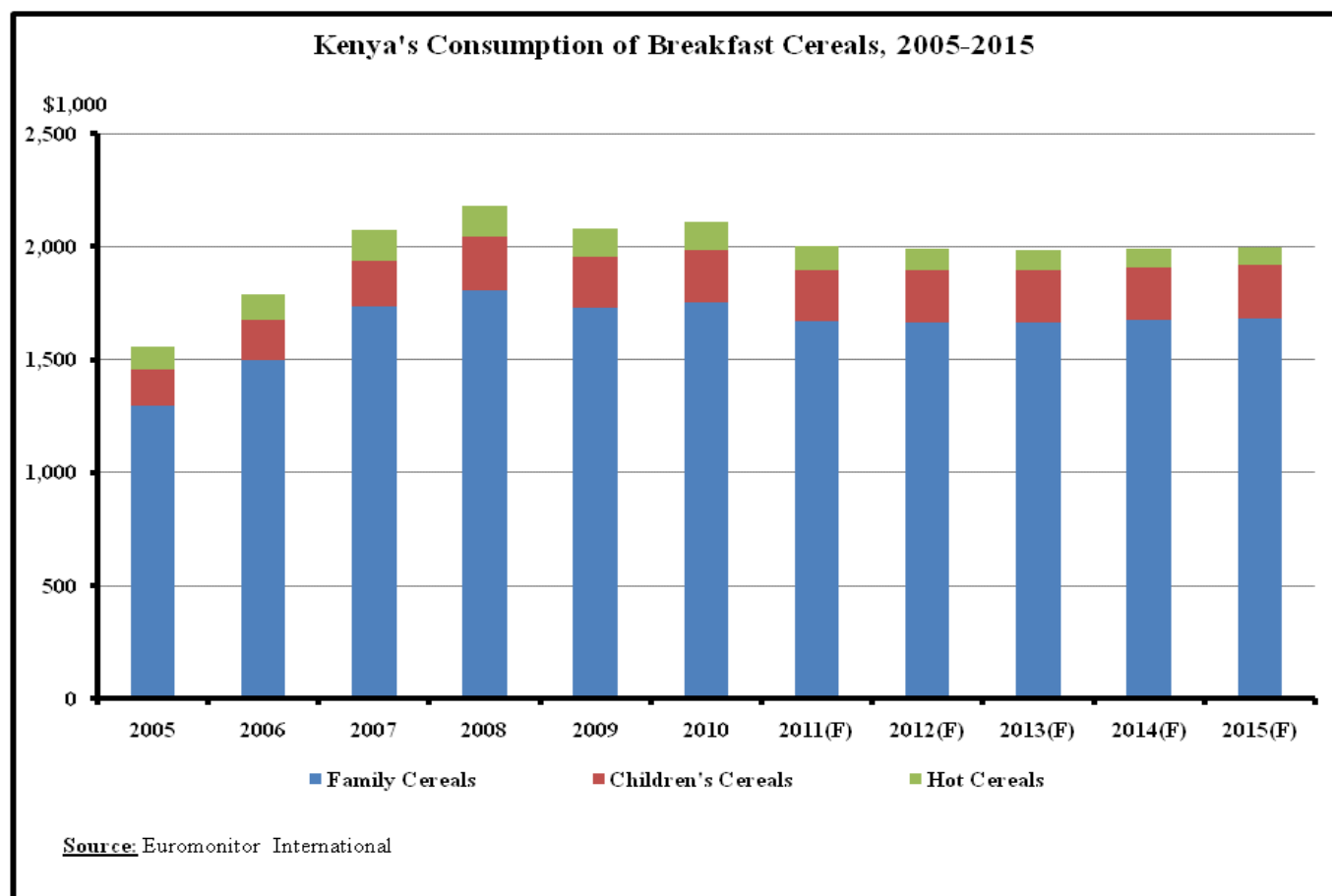
Kenyan breakfast cereals imports are growing at an average rate of 44 percent annually. The United States is the largest supplier of breakfast cereals to Kenya with more than half of the market. However, consumption is expected to remain flat during the next five years.

Market Overview:

According to *Euromonitor International* data, the breakfast cereals market in Kenya increased at an average annual growth rate of four percent, rising from \$1.8 million in calendar year (CY) 2006 to \$2.1 million during CY 2010.

However, *Euromonitor* forecasts a slow growth during the next five years (CY 2011-2015) due to declining sales of hot cereals and changing consumer tastes. Kenyans appear to favor the lower-quality and lower-cost local products (bread, porridge, and arrow roots) than imported products.

The family cereals category is the largest segment of the total market as noted in the graph below.



The United States is the largest exporter of breakfast cereals to Kenya and held 54 percent share in CY 2010. This position is largely due to the recognition of the superior quality of U.S. products. U.S. brands accounted for nearly a fourth of the retail sales. Other major suppliers included the European Union, South Africa and India.

Market Summary

	2006	2007	2008	2009	2010
Agricultural Products Imports (\$1,000)					
Total Imports of Agricultural, Fish, and Forestry Products from the World	781,599	1,138,089	1,470,119	1,632,805	1,977,066
Total Imports of Agricultural, Fish, and Fishery products from the United States	46,752	85,782	77,288	193,451	208,719
Total Imports of Consumer-Oriented Food Products	92,310	122,446	157,187	150,836	169,854
Total Imports of Consumer-Oriented Food Products from the United States	5,880	13,566	17,883	16,259	28,988
Total Imports of Breakfast Cereals/Pancake Mix Group from the World	1,436	10,733	3,484	2,273	5,904
Total Imports of Breakfast Cereals/Pancake Mix Group from the United States	467	8,157	995	266	3,259
Major Competitors (\$1,000)					
United Kingdom	433	1,375	608	484	1,007
Egypt	158	107	243	215	630
South Africa	130	574	277	467	347
India	75	140	212	275	223

Source: Global Trade Atlas (GTA)

Trends

- According to research by Consumer Insight, a local market research firm, only 30 percent of the total population and more than half of consumers earning over \$3,756 per year eat breakfast cereals in Kenya. In general, Kenyans perceive breakfast cereals as food for children.
- Local manufacturers now offer a choice of sizes to consumers: 37 grams (g), 112g, 225 g, 450g, and 900g.

Market Entry Strategy

Kenyan retailers do not directly import consumer-oriented products including breakfast cereals but purchase them from local importers. In general, retailers submit a list of products to local importers who source them from consolidators in the U.S., Dubai, Europe, and South Africa. Currently, there are nine companies that import food products for retailers.

U.S. consolidators should work directly with local importers to meet retailers' requirements (orders smaller than normal, small pack sizes, mixed products in one shipment, share a shipment with other U.S. suppliers) and Kenya's import regulations. U.S. consolidators can also attend the Gulf Food Show in Dubai where they can acquaint Kenyan importers. Local importers prefer U.S. food products for their quality, packaging, and wide range.

Import Requirements

All processed foods including breakfast cereals are subject to:

- MNF Tariffs: 25 percent of ad-valorem
- Import Declaration Fee (IDF): 2.25 percent of Cost, Insurance, and Freight (CIF) value
- Value Added Tax: 16 percent
- Other requirements: Certificate of Conformity (CoC)

For additional information, please see the following reports:

[Food and Agricultural Import Regulations and Standards](#)
[Exporter Guide](#)